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4 UNITED STATES DISTRICT COURT
5 DISTRICT OF NEVADA

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7 JPMORGAN CHASE BANK, N.A.,

8 Plaintiff,

9 v.

10 SFR INVESTMENTS POOL 1, LLC, et al.

11 Defendants.

Case No. 2:16-cv-02198-RFB-NJK

ORDER

12
13 **I. INTRODUCTION**

14 Before the Court is SFR Investments Pool 1, LLC's motion for default judgment against
15 Ryan Cardella and Stephanie Norton. ECF No. 77.

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17 **II. PROCEDURAL BACKGROUND**

18 JP Morgan Chase Bank, N.A. sued Defendants, including SFR, on September 16, 2016.
19 ECF No. 1. SFR answered the complaint on November 18, 2016 and asserted counterclaims
20 against Chase Bank and crossclaims against Cardella and Norton. ECF No. 27. SFR does not
21 seek any monetary relief from Cardella or Norton. ECF No. 77-7. It instead asserts claims for
22 declaratory relief and to quiet title. ECF No. 27.

23 Both Cardella and Norton were served with the cross-complaint. ECF Nos. 50, 51. After
24 the two failed to respond to the cross-complaint, the Clerk of the Court entered default against
25 Cardella and Norton on August 4, 2017. ECF No. 60.

26 On March 22, 2018, this matter was administratively stayed, pending the Nevada Supreme
27 Court's decision on the certified question in SFR Investments Pool 1, LLC v. Bank of New York
28 Mellon, 422 P.3d 1248 (Nev. 2018). ECF No. 69. When the stay was lifted, the Court also granted

1 a stipulation to dismiss all claims between Chase Bank, Vista Ridge Homeowners' Association,
2 and SFR. ECF No. 72. SFR was then ordered to file motions for default judgment against Cardella
3 and Norton or file a status report explaining how it intended to proceed with its crossclaims. ECF
4 No. 73. SFR now moves for default judgment against both cross-defendants. ECF No. 77. Neither
5 opposed the motion nor appeared in any manner. ECF No. 80. The remaining parties and claims
6 have been dismissed. ECF Nos. 76, 79.

7 8 **III. ALLEGED FACTS**

9 In its cross-complaint, SFR alleges the following:

10 Cardella and Norton purchased the property located at 1516 Emerald Peak, Henderson,
11 Nevada 89012 in April 2005. But Cardella and Norton failed to timely pay the homeowners'
12 association fees associated with the property. Vista Ridge Homeowners Association foreclosed
13 on the property under NRS Chapter 116 as a result. The foreclosure process began in 2010, and
14 the sale occurred on September 19, 2012. Vista Ridge Homeowners Association purchased the
15 property at its foreclosure sale. It then quitclaimed its interests to SFR.

16 17 **IV. LEGAL STANDARD**

18 The granting of a default judgment is a two-step process directed by Federal Rule of Civil
19 Procedure ("Rule") 55. Eitel v. McCool, 782 F.2d 1470, 1471 (9th Cir. 1986). The first step is an
20 entry of clerk's default based on a showing, by affidavit or otherwise, that the party against whom
21 the judgment is sought "has failed to plead or otherwise defend." Fed. R. Civ. P. 55(a). The
22 second step is default judgment under Rule 55(b), a decision which lies within the discretion of
23 the Court. Aldabe v. Aldabe, 616 F.2d 1089, 1092 (9th Cir. 1980).

24 Factors which a court, in its discretion, may consider in deciding whether to grant
25 a default judgment include: (1) the possibility of prejudice to the plaintiff, (2) the merits of the
26 substantive claims, (3) the sufficiency of the complaint, (4) the amount of money at stake, (5) the
27 possibility of a dispute of material fact, (6) whether the default was due to excusable neglect, and

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1 (7) the Federal Rules' strong policy in favor of deciding cases on the merits. Eitel, 782 F.2d at
2 1471–72.

3 If an entry of default is made, the Court accepts all well-pleaded factual allegations in the
4 complaint as true; however, conclusions of law and allegations of fact that are not well-pleaded
5 will not be deemed admitted by the defaulted party. DirecTV, Inc. v. Hoa Huynh, 503 F.3d 847,
6 854 (9th Cir. 2007). Additionally, the Court does not accept factual allegations relating to the
7 amount of damages as true. Geddes v. United Financial Group, 559 F.2d 557, 560 (9th Cir. 1977).
8 Default establishes a party's liability, but not the amount of damages claimed in the pleading. Id.
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10 **V. DISCUSSION**

11 In considering the seven Eitel factors, the Court finds default judgment against Cardella
12 and Norton is warranted. The first and sixth factors favor granting default judgment because the
13 cross-defendants have failed to defend—or appear at all in this matter—for the last three years.
14 Their failure to appear prejudices SFR by preventing it from determining its rights to the property.
15 Their failure to appear for *nearly three years*, a substantial period of time, also demonstrates the
16 lack of excusable neglect. And while the seventh factor generally counsels against the granting of
17 default judgment, the cross-defendants' failure to appear prevents the Court from determining the
18 matter on its merits.

19 The second and third factors also favor a grant of default judgment. The crossclaims rely
20 on the recorded documents and allegations that sufficiently allege a nonjudicial foreclosure sale
21 extinguished the cross-defendants' interests, if any, to the property.

22 Finally, there is no money at stake to counsel against the grant of default judgment; SFR
23 seeks only declaratory relief against Cardella and Norton. Thus, the Court finds the Eitel factors
24 favor the grant of default judgment against both cross-defendants and grants the motion for default
25 judgment accordingly.
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27 **VI. CONCLUSION**

28 **IT IS ORDERED** that SFR Investments Pool 1, LLC's motion for default judgment (ECF

1 No. 77) is GRANTED. The Clerk of the Court is instructed to enter judgment on the cross-claims
2 against Ryan Cardella and Stephanie Norton in favor of SFR Investments Pool 1, LLC. The Court
3 declares that neither Ryan Cardella nor Stephanie Norton hold any interest, right, or title to the
4 property as a result of the foreclosure sale.

5 **IT IS FURTHER ORDERED** that the Clerk of the Court is also instructed to close this
6 matter accordingly.

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8 DATED: July 29, 2019.



10 **RICHARD F. BOULWARE, II**
11 **UNITED STATES DISTRICT JUDGE**
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